



City of Pleasant Hill

MEMORANDUM

TO: Budget Committee Chairman Tim Flaherty
Budget Committee Member Jack Weir
City Manager June Catalano

FROM: Andrew Murray, Assistant City Manager
Mary McCarthy, Finance Manager

DATE: January 22, 2014

SUBJECT: Staff Recommendations for Enhanced Public Information and Engagement
Surrounding the Budget Development Process

Introduction

City staff is continuously working to improve budget and financial processes and documents based on suggestions from the City Council, emerging best practices in the public finance field, and the input of other stakeholders. Consistent with this effort, staff is recommending that the City create additional public information and public engagement opportunities surrounding the upcoming development of the fiscal year (FY) 2014/2016 budget. Staff is specifically recommending that the City publish or undertake the following:

- Baseline budget data file;
- Budget “At-a-Glance” factsheets;
- Budget and financial information webpage;
- Proposed budget data file;
- Budget community workshop; and
- “Budget Story” publication.

Note that the recommended new informational items and public engagement opportunities would be in addition to the traditional items and opportunities the City has historically provided regarding budget development, including the required Council meetings and attendant public comment. The additions will hopefully strengthen the budget development process and result in a budget that is better understood by the public and closely maps to the priorities of the Council and community.

Traditional Informational Items and Public Engagement Opportunities

The main avenues through which stakeholders have historically been able to gain information

about the City's proposed budget and provide input to the budget's adoption are the publication of the proposed budget document (which is available in hard copy at key locations and posted on the City's website); information in *The Outlook* City newsletter; and Budget Committee (Committee) and Council meetings focused on reviewing the proposed budget and adopting a final budget. (Note that the City has complied with State law that requires that some budget-related documents, such as the Master Fee Schedule (MFS), have a formal public hearing with special noticing requirements to ensure a certain level of public awareness.)

Opportunities for More Public Information and Engagement

Although Committee and Council hearings with attendant public comment is a very common approach to budget development and adoption, additional public information and engagement measures are gaining popularity. City staff is recommending the implementation of the new measures detailed below.

Baseline Budget Data File

The precursor to a proposed (balanced) budget is a "baseline" budget. A baseline budget illustrates expected future expenditures if future service and staffing levels are held constant at current levels, essentially a two-year forecast based on current service and staffing levels. It shows whether a surplus or shortfall is expected in the new budget period if service and staffing levels do not change. A proposed budget, in contrast, includes recommended changes in services levels, staffing levels, and the addition or deletion of certain activities that create a balanced budget and that staff believes fine tune resource allocation to best fit Council priorities.

The City is proposing to publish the baseline budget data file for FY 2014/2016 in spreadsheet format so that interested parties can use the file to understand the status quo situation and create their own proposed balanced budget. Making the data itself available in a spreadsheet form is consistent with "open data" advances. ("Open data" is data that is readily available and free to use, reuse, and redistribute. In government, open data is viewed as a means to increase transparency.) Note that staff presented a Financial Reporting and Fiscal Year 2014/2016 Budget Development Calendar to the Committee at its November 2013 meeting, which the Committee amended and approved. That calendar included this proposal of publishing a baseline budget, so this recommendation has already been approved by the Committee.

Budget "At-a-Glance" Factsheets

The proposed budget document contains a substantial amount of information, which can make it hard for stakeholders to identify the key challenges and options. It is useful to have a very condensed, easy-to-understand factsheet that communicates the key challenges and options.

Staff is recommending that the City publish two budget-related factsheets, one summarizing the City's current budgetary condition early in the budget development cycle (March 2014), and another summarizing the proposed budget.

Budget and Financial Information Webpage

The City produces a significant quantity of information during budget development. Staff recommends that the City create a new webpage, with a direct link from the City's homepage during the budget development period (approximately March – June 2014), that would contain all relevant top-line information and links to budget-related items throughout the City's website. Note that the City already has a webpage titled Budget (<http://www.ci.pleasant-hill.ca.us/index.aspx?NID=71>, Home > Departments > Finance > Budget), so staff would design the appropriate labelling of the different pages and their relationship.

Proposed Budget Data File

As noted above, staff is recommending that the City publish the baseline budget data file. Similarly, staff is recommending that the City publish the proposed budget in a data file, which interested parties can modify to create their own proposed balanced budget.

Budget Community Workshop

Staff recommends that the City hold a community workshop focused on the proposed budget, which would be more interactive and allow more two-way flow of ideas than a traditional Committee or Council hearing. Community workshops can be fairly simple or very complex. Staff envisions a fairly simple event, but one that would include some key elements, including background on the City's budgetary condition, some small group discussions or activities regarding the budget, and question and answer opportunities. As noted above, staff presented a Financial Reporting and Fiscal Year 2014/2016 Budget Development Calendar to the Committee at its November 2013 meeting, which the Committee amended and approved. That calendar included this proposal of holding a City Council workshop on the proposed budget.

"Budget Story" Publication

Many jurisdictions invest substantial time and resources in communicating during the budget development process about issues and options. Fewer make a substantial investment in communicating the outcome of the budget process. Staff is recommending that the City create a "budget story" publication that would serve as a capstone summary of the budget process. This could be used throughout the two-year budget implementation period to inform interested parties about the budget that is in place, and to help inform people as the City gears up for the next biennial budget development process.

Staff Recommendation

Staff believes that the public information and engagement opportunities noted above would encourage public participation in the budget process without unduly straining staff resources. Note that these items and opportunities are appropriate to the development of the biennial budget. Staff does not recommend at this time that all of these items be undertaken as part of mid-term adjustments for the second year of the budget.

For additional information, contact Finance Manager Mary McCarthy at 925-671-5231.